



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 8/22/2017

Agenda Placement: 6B

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Steven Lederer - Director of Public Works
Public Works
REPORT BY: Liz Habkirk, Deputy Dir. of PW-Gen Services - 259-8321
SUBJECT: Resolution of Intention to Sell Real Property

RECOMMENDATION

Director of Public Works requests adoption of a resolution authorizing the following related to the County owned property located at 933 Water Street (4/5 vote required):

1. Declaring the County's intention to sell surplus real property located at 933 Water Street;
2. Establishing a minimum price for sale of the Property and other terms, conditions and requirements applicable to all bids;
3. Setting the procedures, date, time and place for opening and review of sealed bids for purchase of the Property;
4. Setting the date, time and place of a meeting of the Board of Supervisors to consider the recommendations of staff as to the selection and order of bids; and
5. Directing the Clerk of the Board to publish and post notice.

EXECUTIVE SUMMARY

In August 2016, the Board of Supervisors authorized the sale of County surplus real property located at 933 Water Street. Staff then conducted a Request for Qualifications/Request for Proposals process to award the sale of the property to the winning proposal. The process yielded one qualified proposal, and after several months of discussions, the County determined that the proposer was non-responsive. Based on continued interest in the sale of the property and the benefit to the County in consolidating functions at the South Campus, today's action will renew the competitive process for sale of the property located at 933 Water Street, APN 003-242-003-000. The proposed resolution will set the minimum bid price for purchase of 933 Water Street at \$3,900,000, will set all other terms and conditions and procedures applicable to the sale of the property in accordance with Government Code sections 25526 et seq., and pursuant to the Board's authority under Government Code section 25539 will order the use of a procedure for sale of the property different than that specified in sections 25526, et seq.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	Revenue from the sale of surplus real property.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	Sale of this County surplus property would assist in the financing plan for the new jail facility.
Is the general fund affected?	Yes
Future fiscal impact:	None
Consequences if not approved:	The County will not generate revenue from the sale of 933 Water street.
Additional Information:	

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

The County has owned and operated the 2.2 acre property located at 933 Water Street, Napa, APN 003-242-003-000 (the "Water St. Property" or "Property") as a corporation yard for more than 20 years. On January 12, 2016, the Board of Supervisors adopted Resolution No. 2016-05 declaring the Water St. Property as surplus. After that declaration, County staff complied fully with the Surplus Lands Act (Government Code sections 54220 et seq.) prior to initiating steps to sell the Property. The County received no timely notices, proposals or indications of any interest in the Property from any of the agencies or entities specified by the Surplus Lands Act to whom notice was given of the Board's decision to declare the Property as surplus. County staff has obtained an appraisal of the Property from CBRE, Inc. which reached the conclusion that the as-is market value of the Property was, as of May1, 2017, \$4,130,000 when the required rent-free 18-month leaseback by the County was considered, and that the hypothetical value of the Property in its highest and best use and fully entitled for that use as of that date of value was \$5,700,000.

County staff is recommending to the Board that the Property be sold to the highest qualified bidder with the minimum bid price being set at \$3,900,000. The minimum price recommendation is based on a review of the appraised value, a consideration of recommendations from market professionals, and the timeline for use of the funding to support debt issuance efforts for the new jail project. Staff believes that setting the minimum price at this level will attract a number of potential bidders and create interest in the Property. Bidders may submit proposals above the minimum price but any proposal below the \$3,900,000 would be disqualified.

County staff is prepared to issue a Request for Proposals (RFP) to invite bids from potential buyers upon approval of today's item. The proposal will require bidders to submit their bid of no less than \$3,900,000, along with a

deposit in the form of a cashier's check for \$250,000. The RFP will close on November 2, 2017 and staff anticipates returning to the Board of Supervisors on November 14, 2017 for consideration of the recommended bidder and the order of backup bidders. Upon the Board's approval, a purchase and sale agreement will be executed and the buyer will have 30 calendar days from the effective date in which to cancel escrow or waive all contingencies to close of escrow, and then 15 calendar days after that in which to close escrow or else forfeit its \$250,000 deposit.

In considering a potential sale of the site, staff also reviewed the costs included to move the County functions currently residing at the Water St. Property to a new location at the County's South Campus at 2721 Napa Valley Corporate Drive (formerly known as Building 4). Property Management, the Communications Division of ITS and the Surplus Division of the County Executive Office all have a presence at the Water St. Property with uses including office space, workshops, storage areas, and secure vehicle parking. Using previous analyses completed for the potential re-use of 2721 Napa Valley Corporate Drive and considering the new directive to move these functions without incurring unnecessary expenses, staff determined there will be an estimated \$1,100,000 in costs to effectively move these functions from Water St. The project timeline would be 12-18 months for completion during which time the County would leaseback the Water St. Property. The majority of the estimated costs (approximately \$640,000) include redesigning an aging and oversized Heating, Ventilation and Air Conditioning (HVAC) system to serve the areas anticipated to be used by these new functions and provide proper system controls throughout the building. Other major costs included an estimated \$85,000 in removing various non-essential mechanical equipment used by Dey Labs in facilitating their pharmaceutical production to open up required square footage and perform related plumbing work to meet the new needs, \$50,000 in electrical work to upgrade lighting for the proposed uses and install new power and outlets for the Communications Division to effectively complete their tasks and a project contingency of 20%, or approximately \$170,000, to manage unanticipated costs.

Before the process of selling the Property may proceed, Government Code section 25526 requires that the Board of Supervisors, by at least a two-thirds vote of all of its members, adopt a resolution declaring its intention to sell the Property, setting forth a description of the Property, the minimum price for sale of the Property, and any other terms and conditions of such sale that shall apply to all bids and proposals ("Bids") in order to have their Bids deemed to be responsive and to make the Bids eligible for consideration. Pursuant to Government Code section 25539, the Board may also order the use of a procedure for sale of the Property different than that specified in sections 25526 et seq. by designating who shall conduct the sale and the date, time and place of the opening and consideration of sealed Bids. The proposed resolution does so, and staff recommends and requests that the Board adopt the resolution.

SUPPORTING DOCUMENTS

A . Resolution of Intent to Sell

CEO Recommendation: Approve

Reviewed By: Helene Franchi